

Message Text

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11

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 DOTE-00 AID-05 CIAE-00 COME-00

FRB-01 INR-07 NSAE-00 RSC-01 TRSE-00 XMB-04 OPIC-06

SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-04 CEA-01 PA-02 PRS-01 USIA-15 SAM-01 /098 W

----- 097065

R 052229Z DEC 74

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 5144

INFO AMCONSUL MONTREAL

AMCONSUL TORONTO

UNCLAS OTTAWA 3964

E.O. 11652: N/A

TAGS: EIND, CA

SUBJ: AUTOMOTIVE INDUSTRY: U.S.-CANADIAN PRICE
DIFFERENTIALS

REF: OTTAWA A-614 NOV 26, 1974

1. NEW DEMOCRATIC PARTY (NDP) MP BROADBENT (OSHAWA)
CONTINUED HIS QUESTIONING OF INDUSTRY, TRADE AND COMMERCE
MINISTER GILLESPIE AND PM TRUDEAU IN HOUSE OF COMMONS DEC 3
ON GOC ACTION TO DEAL WITH AUTOMOTIVE INDUSTRY LAYOFFS AND
U.S.-CANADIAN PRICE DIFFERENTIALS. WHILE BROADBENT
NOTED THAT GM HAS ANNOUNCED LAY-OFF OF NEARLY 2100
WORKERS IN CANADA IN COMING WEEKS, BRINGING TOTAL LAYOFF
IN AUTOMOTIVE INDUSTRY IN EXCESS OF 9,000, GILLESPIE INSISTED
THAT HIS EARLIER DESCRIPTION IN COMMONS OF SITUATION AS
"CAUTIOUSLY OPTIMISTIC" HAS BEEN CONFIRMED BY HEADS OF
MAJOR AUTO MANUFACTURERS IN CANADA. WITH SPECIFIC REGARD TO
GM, GILLESPIE NOTED THAT EVEN AFTER LAYOFFS COMPLETED,
THERE WILL STILL BE 30,850 EMPLOYEES AS COMPARED TO
31,500 IN JANUARY OF THIS YEAR, "A VERY MODEST CHANGE I
THAT CORPORATION".

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2. BROADBENT ALSO CONTINUED TO CHALLENGE GILLESPIE'S CLAIM THAT PRICE DIFFERENTIAL BETWEEN U.S. AND CANADA IS IN NEIGHBORHOOD OF 7 PERCENT. ACCORDING TO BROADBENT, DIFFERENTIAL IS ABOUT 17 PERCENT FOR MEDIUM-SIZED CARS AND 11 PERCENT FOR SMALL-SIZED CARS. PM TRUDEAU RESPONDED TO BROADBENT ON THIS POINT THAT GOC FIGURE IS BASED ON WHOLESALE FIGURES AS OPPOSED TO BROADBENT'S USE OF RETAIL PRICES.

3. IN NDP NEWS RELEASE OF DECEMBER 3 (COPY BEING POUCHED TO COMMERCE - HAMERSCHLEG), BROADBENT CALLS FOR GOVERNMENT ACTION TO LOWER CAR PRICES INTO LINE WITH U.S. PRICES IN ORDER TO EXPAND SALES IN CANADA AND THUS TO SHORE UP EMPLOYMENT. BROADBENT CALCULATED ACTION WOULD MEAN SAVING OF \$500 TO \$1,000 PER VEHICLE FOR CANADIAN CONSUMERS. JOHNSON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AUTOMOTIVE INDUSTRY, OVEREMPLOYMENT, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 05 DEC 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974OTTAWA03964
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740353-1097
From: OTTAWA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741258/aaaabxhw.tel
Line Count: 77
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: OTTAWA A-614 NOV 26, 1974
Review Action: RELEASED, APPROVED
Review Authority: kellerpr
Review Comment: n/a
Review Content Flags:
Review Date: 29 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <29 APR 2002 by kellerpr>; APPROVED <29 APR 2002 by kellerpr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: AUTOMOTIVE INDUSTRY: U.S.-CANADIAN PRICE DIFFERENTIALS
TAGS: EIND, CA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005